

Message Text

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64

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 SCEM-02 EB-11 INT-08 OMB-01

TRSE-00 DRC-01 /159 W

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P 020324Z NOV 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 2024

UNCLAS OTTAWA 2611

E.O. 11652: N/A

TAGS: ENRG, CA, US

SUBJECT: CANADIAN ENERGY POLICY STATEMENT: LARGE INCREASE IN
EXPORT TAX ON CRUDE OIL

1. ENERGY MINISTER MACDONALD PRESENTED ENERGY POLICY
STATEMENT TO HOUSE OF COMMONS AT 8P.. NOVEMBER 1. (STATEMENT
HAD ORIGINALLY BEEN SCHEDULED FOR 2 P.. SESSION BUT POST-
PONED TO ALLOW CLOSING OF SOCKH EXCHANGES.)

2. MAIN ELEMENTS OF STATEMENT AS FOLLOWS:

(A) EXPORT TAX ON CRUDE OIL FOR DECEMBER IS RAISED FROM
PRESENT 40 CENTS PER BARREL TO \$1.90 REPEAT \$1.90 PER BARREL
IN ACCORDANCE WITH NATIONAL ENERGY BOARD CRITERION OF
JUST AND REASONABLE PRICE FOR CANADIAN ENERGY EXPORTS.

(B) ON BASIS OF INCREASE IN PRICES OF IMPORTED CRUDE INTO
EASTERN CANADA IN SEPTEMBER AND FIRST HALF OF OCTOBER, GOC
HAS NO REPEAT NO OBJECTION TO IMMEDIATE INCREASE IN EASTERN
CANADA PRODUCT PRICES WHICH EXPECTED TO AVERAGE (SOME
VARIATION DEPENDING ON INDIVIDUAL COMPANY COSTS) TWO CENTS
PER GALLON.

(C) GOC EXPECTS AVERAGE PRICE OF CRUDE LANDED AT MONTREAL
TO INCREASE BY ADDITIONAL \$1.00 BARREL BY END OF
NOVEMBER AND THEREFORE COMPANIES WILL BE ALLOWED TO MAKE
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FURTHER INCREASES AT LATER DATE. DURING SHORT QUESTION PERIOD,

MACDONALD SPECULATED THAT INCREASE MIGHT AMOUNT TO ADDITIONAL THREE CENTS PER GALLON IN EASTERN CANADA.

(D) DUE TO FACT IMPORTED HOME HEATING OIL IS IMPORTANT SUPPLY FACTOR IN CENTRAL ONTARIO AND BRITISH COLUMBIA, GOC WILL SYMPATHETICALLY ENTERTAIN APPLICATIONS FROM THOSE SUPPLIERS DEPENDENT ON NON-CANADIAN SOURCES TO INCREASE PRICES.

(E) APART FROM EXCEPTIONS NOTED IN (B), (C) AND (D) ABOVE, GOC'S VOLUNTARY PRICE FREEZE REMAINS IN EFFECT WEST OF OTTAWA VALLEY LINE UNTIL FEBRUARY 1, 1974. MACDONALD PRAISED COMPANIES FOR COOPERATION IN FREEZE BUT SINGLED OUT GULF CANADA AS POOR CORPORATE CITIZEN OF CANADA FOR BREAKING RANKS AND INCREASING PRICE BY ONE CENT PER GALLON SEVERAL DAYS AGO.

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